

BILL # SB 1299

TITLE: long-term care; county adjustments

SPONSOR: Flake

STATUS: As Introduced

PREPARED BY: Russell Frandsen

FISCAL ANALYSIS

Description

The bill would add a statutory provision to reduce the ALTCS contributions of counties with per-capita expenditures above the state average which do not receive other reductions, do not have populations greater than 500,000, and are not program contractors.

Estimated Impact

The estimated General Fund impact is \$541,700 in FY 2007 and \$607,600 in FY 2008. These General Fund dollars would replace County Funds. In the initial years of the proposal, only Mohave County is projected to receive relief. The bill would cost an additional \$2,277,900 if Yavapai County no longer serves as a program contractor.

Analysis

Current Legislation

ALTCS expenditure growth is evenly distributed between the state and counties based on each county's utilization of ALTCS services. After these calculations are made, 3 statutory provisions, referred to as "circuit breakers," are applied to provide \$13,856,500 in relief to counties from the General Fund in FY 2007. The circuit breakers involve property value, on-reservation population and prior contribution levels.

Proposed Legislation

After the 3 existing circuit breakers have been calculated, the proposed legislation would provide a fourth relief provision to those counties with per-capita costs above the state average, subject to 3 limitations:

- (1) The county does not have a population greater than 500,000 persons. Maricopa and Pima Counties both have populations above 500,000 persons. Without this limitation Pima would have qualified for \$6,041,000 of relief in FY 2007.
- (2) The county does not receive relief under any of the other 3 existing relief measures discussed above. In FY 2007, 9 out of Arizona's 15 counties receive relief under existing measures. Four counties would qualify for a total of \$3,316,200 of relief in FY 2007 without this limitation: Cochise, Gila, Pinal, and Santa Cruz.
- (3) The county is not a program contractor. Cochise, Pima, Pinal, and Yavapai are program contractors, which means Yavapai County could qualify for relief in future years if it stopped serving as a program contractor. This relief would be \$2,277,900 in FY 2007.

These 3 limitations result in only Mohave County receiving relief in this bill at a FY 2007 General Fund cost of \$541,700.

The bill requires the use of population estimates from the Department of Economic Security (DES). For the FY 2007 figures, the most recent DES population figures published July 1, 2004 were used. For FY 2008 figures, we assumed a population increase of 3.1% as based on average growth from 2002 to 2004. We also assumed FY 2008 total ALTCS costs would increase by 18.4% as based on average growth from FY 2005 to FY 2007. All figures are based upon the JLBC Baseline for the FY 2007 budget. The table below details the savings by county under the JLBC Baseline and this bill for FY 2007:

FY 2007 Impact							
	JLBC Baseline ^{1/}					Proposed Legislation	
	<u>ALTCS Subtotal</u>	<u>Tax Relief</u>	<u>Reservation Relief</u>	<u>ALTCS Payment</u>	<u>Per-Capita Costs</u>	<u>Per-Capita Relief</u>	<u>ALTCS Payment</u>
Apache	\$ 5,399,700	\$(1,801,400)	\$(3,004,000)	\$ 594,300	\$ 8.33	\$ 0	\$ 594,300
Cochise	8,050,800	(2,068,200)	0	5,982,600	45.94	0	5,626,200
Coconino	3,530,000	0	(1,747,000)	1,783,000	13.76	0	1,783,000
Gila	3,628,800	(99,700)	0	3,529,100	65.28	0	2,335,700
Graham	1,750,300	(791,000)	0	959,300	26.63	0	959,300
Greenlee	222,900	0	0	222,900	26.69	0	222,900
La Paz	838,400	0	0	838,400	39.67	0	838,400
Maricopa	150,313,300	0	0	150,313,300	42.65	0	150,313,300
Mohave	8,327,700	0	0	8,327,700	46.21	(541,700)	7,786,000
Navajo	6,051,600	0	(3,593,200)	2,458,400	22.89	0	2,458,400
Pima	46,274,300	0	0	46,274,300	49.69	0	40,233,300
Pinal	11,735,300	(473,200)	0	11,262,100	51.24	0	9,495,700
Santa Cruz	2,370,100	(20,300)	0	2,349,800	55.97	0	1,814,000
Yavapai	10,779,000	0	0	10,779,000	54.78	0	10,779,000
Yuma	<u>6,631,000</u>	<u>(258,600)</u>	<u>0</u>	<u>6,372,400</u>	<u>35.12</u>	<u>0</u>	<u>6,372,400</u>
Totals	\$265,903,200	\$(5,512,400)	\$(8,344,200)	\$252,046,600	\$43.21	\$(541,700)	\$251,504,900
^{1/} This table does not include a column for prior contributions relief because no counties qualified for this relief in FY 2007.							

State per-capita costs are estimated to be \$43.21 in FY 2007 and \$47.00 in FY 2008. Mohave has per-capita costs of \$46.21 in FY 2007.

In FY 2008, assuming Yavapai does not decide to stop serving as a program contractor, Mohave is again predicted to be the sole recipient of relief under this legislation. Current ALTCS program contracts are awarded based on a competitive bid process. If the state needed to replace Yavapai County as a program contractor, this may result in additional costs to the state due to Yavapai County qualifying for the additional aid under this bill.